

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 11193 / May 16, 2023**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21430**

**In the Matter of**

**HEMP NATURALS, INC.,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against Hemp Naturals, Inc. (“Hemp Naturals” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-And-Desist Proceedings Pursuant To Section 8A Of The Securities Act of 1933, Making Findings, And Imposing A Cease-And-Desist Order (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## **Summary**

1. This matter involves Hemp Naturals' failure to comply with Regulation A, which provides a limited exemption to the registration requirements of the Securities Act for certain public offerings. Specifically, after obtaining qualification to offer a specific number of shares within a price range pursuant to Regulation A, Hemp Naturals (i) engaged in an impermissible delayed offering, (ii) improperly changed its offering price, and (iii) did not update its financial statements at least annually through a post-qualification amendment, and thereafter offered and sold shares in an offering that was not exempt from registration pursuant to Regulation A. As a result, Hemp Naturals offered and sold securities in violation of Sections 5(a) and 5(c) of the Securities Act.

## **Respondent**

2. Hemp Naturals is a Delaware corporation with its principal place of business in Sunny Isles Beach, Florida. Hemp Naturals' business plan involves selling branded cannabidiol (CBD) products. Its common stock trades on the OTC Link operated by OTC Markets Group Inc. Hemp Naturals' stock was registered under Section 12(g) of the Securities Exchange Act of 1934 from February 2016 until April 2019.

## **Facts**

3. Hemp Naturals offered shares of common stock to investors pursuant to a Regulation A offering statement that was qualified on May 22, 2020 (the "Offering"). Between July 8, 2020 and July 6, 2021, the date of its last sale pursuant to the Offering, it sold more than 534 million shares pursuant to the Offering, raising a total of approximately \$2.4 million. Hemp Naturals did not register the Offering with the Commission, but instead sought to rely on the limited exemption from registration found in Regulation A of the Securities Act.

4. In connection with the Offering, on April 24, 2020, Hemp Naturals filed an offering statement on Form 1-A with the Commission. It filed an amended offering statement on Form 1-A/A with the Commission on May 13, 2020, which the Commission qualified on May 22, 2020. Pursuant to the qualified offering statement, Hemp Naturals proposed to sell 1 billion shares of common stock in a continuous offering at a price between \$0.002 and \$2.00 per share, with a fixed price to be set by Hemp Naturals before making any sales.

5. Hemp Naturals sold no shares pursuant to the Offering between May 22, 2020, and July 8, 2020. On July 8, 2020, Hemp Naturals filed an offering circular supplement on Form 253G2 (the "July 8, 2020 Supplement") purporting to set the Offering price at \$0.03 per share and disclosing a 600-to-1 reverse stock split effective July 1, 2020.

6. To properly engage in a continuous offering of securities under Rule 251(d)(3)(i)(F), an issuer must commence the offering "within two calendar days of the qualification date." *See* Rule 251(d)(3)(i)(F). Therefore, in order to comply with Rule 251(d)(3)(i)(F), Hemp Naturals was required to fix the price of and commence the Offering by May 24, 2020. It did not do so. Instead, 47 days after qualification, Hemp Naturals filed the July

8, 2020 Supplement in an attempt to fix the price of and commence the Offering. Because Hemp Naturals did not commence the Offering within 2 calendar days, it engaged in an impermissible delayed offering of securities. As a result, Regulation A was not available to the Offering.

7. Between July 8, 2020, and February 17, 2021, Hemp Naturals offered and sold approximately 10 million shares and raised approximately \$300,000 under the terms of the July 8, 2020 Supplement.

8. On February 18, 2021, Hemp Naturals filed another offering circular supplement on Form 253G2 (the “February 18, 2021 Supplement”) decreasing the Offering price by 80% from \$0.03 to \$0.006 per share. Hemp Naturals did not file a new offering statement or post-qualification amendment to obtain qualification for this modified offering.

9. Between February 18, 2021 and May 21, 2021, Hemp Naturals offered and sold approximately 228 million shares and raised approximately \$1,370,000 under the terms of the February 18, 2021 Supplement.

10. On June 17, 2021, Hemp Naturals filed an offering circular supplement on Form 253G2 (the “June 17, 2021 Supplement”) decreasing its offering price by approximately 58% from \$0.006 to \$0.0025 per share, among other changes. Hemp Naturals did not file a new offering statement or post-qualification amendment to obtain qualification for this modified offering.

11. Between June 17, 2021, and July 6, 2021, Hemp Naturals offered and sold approximately 296 million shares and raised approximately \$740,000 under the terms of the June 17, 2021 Supplement.

12. An issuer is not permitted to use an offering circular supplement to fundamentally change the information set forth in the offering statement. Instead, such changes require a new offering statement or a post-qualification amendment, each of which must be qualified by the Commission. *See* Rules 252(e) and 252(f)(2)(ii). A fundamental change may be present when an issuer changes the price of securities offered under Regulation A. Because the February 18, 2021 Supplement’s change to the offering price for Hemp Naturals’ shares was a fundamental change to the offering price in the June 8, 2020 Supplement, a new offering statement or post-qualification amendment qualified by the Commission was required. Additionally, the June 17, 2021 Supplement’s change to the offering price for Hemp Naturals’ shares was a fundamental change to the information provided in the February 18, 2021 Supplement. As Hemp Naturals did not file either new offering statements or post-qualification amendments, filing the February 18, 2021 and June 17, 2021 Supplements instead, it offered and sold securities in contravention of the requirement that qualification is a necessary component for Regulation A sales. *See* Rules 251(d)(1) and 251(d)(2). As a result, Regulation A did not apply to the offers and sales made after Hemp Naturals’ filing of the February 18, 2021 and June 17, 2021 Supplements.

13. Hemp Naturals did not file a post-qualification amendment to update its financial statements by May 22, 2021, 12 months after the Commission qualified Hemp Naturals’ Offering.

14. From May 22, 2021 through July 6, 2021, Hemp Naturals offered and sold approximately 296 million shares of its common stock and raised approximately \$740,000.

15. To conduct an ongoing offering, an issuer is required to file a post-qualification amendment at least every 12 months after the qualification date to include the financial statements that would be required by Form 1-A. *See* Rule 252(f)(2)(i). Because Hemp Naturals did not file a post-qualification amendment to update its financial statements by May 22, 2021, 12 months after the Commission qualified Hemp Naturals' offering statement, it failed to comply with this requirement. As a result, Regulation A did not apply to the offers and sales made after May 22, 2021.

### **Violations**

16. Section 5(a) of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell a security unless a registration statement is in effect as to such security. Section 5(c) of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy a security unless a registration statement has been filed as to such security.

17. Hemp Naturals offered to sell and sold its securities without a registration statement filed or in effect and without a valid exemption from registration. As a result of the conduct described above, Hemp Naturals violated Sections 5(a) and 5(c) of the Securities Act.

### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Hemp Naturals cease and desist from committing or causing any violations and any future violations of Section 5 of the Securities Act.

B. Respondents shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Securities Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Hemp Naturals as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Ana D. Petrovic, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Blvd. Ste. 1450, Chicago, Illinois 60604.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary